

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 PM-03 CIAE-00 INR-05 NSAE-00 RSC-01

DODE-00 /020 W

----- 037976

R 301325Z OCT 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 9096

UNCLAS JIDDA 6309

E.O.: 11652; N/A

TAGS: MARR, SA

SUBJ: SAUDI NAVAL EXPANSION PROGRAM FACILITIES CONSTRUCTION

COST ESTIMATES

FOLLOWING MESSAGE SENT ACTION JIDDA ON 29 OCT FROM USMTM  
DHAHRAN BEING REPEATED FOR YOUR INFO. QUOTE:

1. UPDATED COE COST ESTIMATES FOR SNEP FACILITIES  
CONSTRUCTION WERE PRESENTED DURING 27 OCTOBER MEETING  
WITH RSNF IN DHARAHAN REFLECT SIGNIFICANT INCREASES  
IN COST. CURRENT TOTAL PRICE FOR FACILITIES NOW  
ESTIMATED AT \$999.8 MILLION AS OPPOSED TO THE \$354  
MILLION FIGURE QUOTED DURING THE FINAL MASTER PLAN  
PRESENTATION IN SEPTEMBER 1973.

2. TOTAL CONSTRUCTION COST COMPARISON:

SITE	MASTER PLAN SEPT 73	OCTOBER ESTIMATE
JUBAIL	\$215,367,000	\$530,268,000
JIDDA	\$118,603,000	\$431,889,000
RIYADH	\$ 20,030,000	\$ 37,689,000
TOTAL	\$354,000,000	\$999,846,000

3. FACTORS CONTRIBUTING TO PRICE INCREASE INCLUDE:

A. EXTREME ESCALATION IN COST OF MATERIAL AND LABOR.  
THE FY 73-74 PERIOD INDICATES A RISE OF GREATER THAN  
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20.5 PERCENT AND INDICATIONS ARE RISE WILL CONTINUE

AT A LESSER RATE BUT STILL RESULT IN A CUMULATIVE  
INFLATION FACTOR OF 52 PERCENT BY MID POINT CONSTRUCTION,  
LATE 1977.

B. SAG REQUEST FOR EXPANSION OF JIDDA TO EQUAL JUBAIL  
FACILITIES.

C. RSNF REQUEST FOR 100 PERCENT EXPANSION OF UTILITIES AT  
JIDDA AND JABAIL.

D. DESIGN AND ESTIMATING REFINEMENTS.

4. DATA FOR ABOVE ESTIMATES RESULTS FROM INTENSIVE  
REVIEW OF 90 PERCENT JUBAIL OFFSHORE AND 30 PERCENT  
JUBAIL AND JIDDA ONSHORE DESIGN STAGE ACCOMPLISHMENT  
CONDUCTED AT MDD DURING LAST THREE WEEKS. REVISED  
COST ESTIMATES LEAN HEAVILY ON RECENT MATERIALS AND  
EQUIPMENT PRICE QUOTATION IN US AND JIDDA AIRPORT AND  
OTHER RECENT SAUDI CONSTRUCTION BID EXPERIENCE.

5. COE REPS WILL BE IN SAUDI FOR NEXT SEVERAL DAYS AND  
COULD BE MADE AVAILABLE TO AMEMB IF REQUIRED UPON RE-  
QUEST TO SAUDI ENGINEER DISTRICT HQ IN RIYADH.

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## Message Attributes

**Automatic Decaptioning:** X  
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**Current Classification:** UNCLASSIFIED  
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**Disposition Case Number:** n/a  
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